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UNITED STATES DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service
Washington 25, D. C.

March 6, 1956

Title I, Public Law 480 Regulations Revised

Attached is a copy of the revised regulations governing the Title I, Public Law 480, program. This revision became effective as of March 6, 1956, as to purchase authorizations originally issued on and after that date. Purchase authorizations originally issued prior to March 6, 1956, shall continue to be subject to the original regulations unless made subject to this revision by modification or amendment.

Among other things, the revision contains the following new provisions:

- (1) It authorizes payment to U. S. banking institutions for time drafts accepted (as well as sight drafts paid), by such banking institutions under letters of commitment issued by the Commodity Credit Corporation;
- (2) It provides for additional payments (including, if authorized by the purchase authorization, payments in final settlement of contracts providing for future price fixation) in cases where the documents covering the original transaction have been previously submitted, if such additional payments are provided for in the letter of credit or are specifically approved by the foreign bank;
- (3) It provides that CCC will not finance brokerage commissions as part of dollar freight costs in excess of $2\frac{1}{2}$ percent of ocean freight charges;
- (4) It makes clear that address commissions and commissions to importers are not financed;
- (5) In addition to the financing procedure contained in the original regulations, the revision authorizes reimbursement to importing countries (without issuance of letters of commitment to banks) for the dollar cost incurred in purchasing commodities.

Title I, Public Law 480, as amended, authorizes the Commodity Credit Corporation to incur costs totaling \$1,500 million, including the Corporation's investment in commodities moved out of its own stocks, in financing the sale and exportation of surplus agricultural commodities for foreign currencies.

The first step involved in the operation of the program is the formulation of an agreement between the Governments of the United States and the importing country. The regulations set out in detail the various steps taken as commodities are moved through private trade channels in furtherance of these agreements.

- (1) After a formal agreement has been entered into with a foreign government, the Foreign Agricultural Service issues to that country, upon its application, purchase authorizations specifying the kinds, approximate quantities, and maximum dollar values of the commodities and the conditions under which purchases may be made. At the same time FAS issues a public announcement containing details of the authorizations and other information that United States suppliers need in making sales to the foreign importers.
- (2) U. S. suppliers and foreign importers then negotiate sales and enter into contracts in which the sales price is expressed in U. S. dollars.
- (3) Under the letter of commitment method of financing:
 - (a) Letters of credit in favor of U. S. suppliers are opened by foreign importers;
 - (b) Importers pay for commodities in local currency through their local banks, either at sight or upon maturity of time drafts (not in excess of 180 days from date of acceptance), depending upon the provisions of the letters of credit;
 - (c) Suppliers are paid in dollars by U. S. banks acting as correspondents of the foreign banks;
 - (d) The U. S. banks are reimbursed by CCC; and
 - (e) The foreign currency is deposited to the account of the U. S. Government in accordance with arrangements made between the governments of the United States and the importing country.
- (4) Under the reimbursement method of financing suppliers are

paid in dollars by the importing country for the cost of commodities (including ocean transportation and insurance when covered by the unit price of the commodity), and reimbursement will be made by CCC to the importing country or its assignee upon submission of required documents. CCC will continue to reimburse importing countries for the dollar cost of ocean transportation, where such transportation is financed separately from the commodity pursuant to purchase authorizations issued by FAS.

Suppliers need not purchase commodities from CCC in connection with exportations made under this program but if CCC has stocks available for purchase, the purchase authorization and the announcement issued by FAS will so indicate.

Suppliers are again cautioned to familiarize themselves with the provisions of the regulations prior to entering into firm contracts with respect to items which are not financed by CCC and Section 11.9(c) with respect to the provisions of the revised supplier's certificate which will be used when required by the export letter of credit.

It is the responsibility of the supplier to assure that he does not ship or make deliveries of commodities prior to the issuance, confirmation or advice by a banking institution in the United States of an irrevocable commercial letter of credit in his favor. Suppliers may make sales on a c.&f., c.i.f., or c.&i. price basis only when such method of sale is provided for in the applicable purchase authorization.

Approval of proposed charters and vessel bookings on commodities other than cotton must be obtained from the Director, Transportation and Storage Services Division, CCC, Washington 25, D. C. In the case of cotton shipments, such approval must be obtained from the Director, CSS Commodity Office, Wirth Building, 120 Marais Street, New Orleans 16, Louisiana. Where it is required that the commodity be shipped on a United States-flag vessel, the approval will state the amount of ocean freight differential, if any, which CCC will recognize and absorb as existing between the prevailing foreign flag vessel rate and the United States-flag vessel rate. CCC will absorb such ocean freight differential only in the case of vessels required to be used. In the case of c.&f. or c.i.f. sales financed under the letter of commitment method, the amount of any such differential will be paid separately to the supplier by CCC and such amount must not be included in the shipper's net invoice price to be financed under the export letter of credit. In the case of f.o.b. or f.a.s. sales financed under the letter of commitment method, and in the case of all sales financed under the reimbursement method, the amount of the differential will be paid initially by the importing country and then

reimbursed as part of the total cost by CCC. Since the importing country will not be required to deposit foreign currency for any amount of the ocean freight differential shown on the "Advice of Vessel Approval", CCC Form 106, and since such amount will be paid separately to the supplier by CCC in the case of c.&f. and c.i.f. sales, importers and suppliers may compete for business on the same price basis without regard to whether the shipment is required to be made on United States-flag vessels.

Consigned stocks are eligible for financing only in the case of cotton. It should be noted that consigned stocks of cotton located elsewhere than in the importing country will be financed only if the documentation evidencing shipment from the United States is consistent, under good commercial practice, with transshipment to the importing country.

Copies of forms required in connection with the operation of the program may be obtained from the Foreign Trade Programs Division, Foreign Agricultural Service, USDA, the CSS Commodity Offices listed in section 11.15 of the Regulations and from the Fiscal Division, CSS, USDA, Washington 25, D. C. Banking institutions to which CCC has issued letters of commitment have a limited supply of the "Supplier's Certificate" (invoice-and-contract abstract on the reverse side), CCC Form 329.

Raymond A. Ioanes

Acting Director, Foreign Trade Programs Division

UNITED STATES DEPARTMENT OF AGRICULTURE
SALES OF AGRICULTURAL COMMODITIES
FOR FOREIGN CURRENCIES

REGULATIONS AND PROCEDURES

(REPRINTED FROM FEDERAL REGISTER OF *March 6, 1956*)

TITLE 7—AGRICULTURE

**Subtitle A—Office of the Secretary of
Agriculture**

**PART 11—SALES OF AGRICULTURAL COM-
MODITIES FOR FOREIGN CURRENCIES**

**SUBPART A—REGULATIONS GOVERNING THE
FINANCING OF COMMERCIAL SALES OF
SURPLUS AGRICULTURAL COMMODITIES
FOR FOREIGN CURRENCIES**

Subpart A of Part 11 is revised and
amended as follows:

- Sec.
11.1 Definition of terms.
11.2 General statement.
11.3 Applications.
11.4 Purchase authorizations.
11.5 Sub-authorizations.
11.6 Commodities eligible for financing.
11.7 Methods of financing.
11.8 Letters of commitment to banking
institutions.
11.9 Documentation.
11.10 Responsibilities of banking institu-
tions in connection with letters of
commitment issued to them.
11.11 Price provisions.
11.12 Ocean transportation.
11.13 Additional responsibilities of im-
porters and suppliers.
11.14 Saving clause.
11.15 CSS Commodity Offices.
11.16 Effective date.

AUTHORITY: §§ 11.1 to 11.16 issued under
sec. 102, 68 Stat. 455, as amended, 69 Stat.
44; 7 U. S. C. 1702, E. O. 10560, 19 F. R. 5927,
3 CFR, 1954 Supp. Interpret or apply secs.
2, 101, 68 Stat. 454, 455; 7 U. S. C. 1691,
1701.

§ 11.1 *Definition of terms.* For the
purposes of this subpart:

(a) "The act" shall mean title I of
the Agricultural Trade Development and
Assistance Act of 1954, as amended.

(b) "Purchase Authorization" shall
mean FAS Form 480-A, "Authorization
to Purchase Surplus Agricultural Com-

modities with Foreign Currency," or
FAS Form 480-A (Ocean Transporta-
tion) "Authorization to Procure Ocean
Transportation," issued to an importing
country pursuant to this subpart.

(c) "FAS" shall mean the Foreign
Agricultural Service, U. S. Department
of Agriculture.

(d) "CCC" shall mean the Commodity
Credit Corporation, U. S. Department of
Agriculture.

(e) "AMS" shall mean the Agricul-
tural Marketing Service, U. S. Depart-
ment of Agriculture.

(f) "CSS" shall mean the Commodity
Stabilization Service, U. S. Department
of Agriculture.

(g) "CSS Offices" shall mean the CSS
Divisions, the CSS Commodity Offices
listed in § 11.15 and any other offices or
agencies which may succeed to the func-
tions of such offices.

(h) "The Administrator" shall mean
the Administrator of the Foreign Agri-
cultural Service or his designee.

(i) "The Controller, CCC" shall mean
the Controller, Commodity Credit Cor-
poration, or his designee.

(j) "Importing country" shall mean
any nation with which an agreement has
been negotiated pursuant to section 101
of the Act.

(k) "Importer" shall mean any person
or organization, governmental or other-
wise, to which an importing country
makes a subauthorization under a pur-
chase authorization.

(l) "Approved applicant" shall mean
the foreign bank or other agency named
in any letter of commitment issued to a
banking institution under this subpart
and shall include any agent authorized
to act on behalf of such an applicant.

(m) "Supplier" shall mean any person
or firm which sells any commodity or
furnishes ocean transportation to an
importer under the terms of a purchase
authorization.

(n) "Banking institution" shall mean
a banking institution organized under
the laws of the United States; any State,
or the District of Columbia.

(o) "Delivery" shall mean the trans-
fer to or for the account of an importer
of custody and right of possession of the
commodity in export channels (e. g.
f. o. b. vessel, c. & f., from consigned
stocks).

(p) "Letters of credit" shall mean ir-
revocable commercial letters of credit
issued, confirmed or advised by a bank-
ing institution on behalf of an approved
applicant.

§ 11.2 *General statement.* This sub-
part contains the regulations governing
the operation of the program for the sale
and exportation of surplus agricultural
commodities for foreign currencies under
the Act, including the submission of ap-
plications to purchase agricultural com-
modities for foreign currency under the
act, the issuance of purchase authoriza-
tions, and the financing of the sale and
exportation of such commodities through
private trade channels. Except in the
case of cotton, consigned stocks, i. e.,
stocks shipped from the United States
prior to the date of sale under this pro-
gram, will not be financed under this
program. General information pertain-
ing to the operation of this program and
forms prescribed for use thereunder can
be obtained upon request to the Director,
Foreign Trade Programs Division, FAS,
U. S. Department of Agriculture, Wash-
ington 25, D. C.

§ 11.3 *Applications.* An importing
country, after the agreement pursuant
to section 101 of the Act has been en-
tered into, shall submit applications for
purchase authorizations covering each
commodity and containing such infor-

mation as may have been requested by the Administrator. Applications shall be submitted in quadruplicate, addressed to the Administrator, FAS, U. S. Department of Agriculture, Washington 25, D. C. Supplementary information with respect to applications may be required from time to time.

§ 11.4 *Purchase authorizations.* (a) The Administrator shall provide for review of each application submitted pursuant to § 11.3 to determine whether approval of the application would be in accordance with the provisions of the act and the policies of the U. S. Government. If such determination is favorable, the Administrator will issue appropriate purchase authorization(s) as soon as practicable after agreement by the importing country to the terms thereof.

(b) Each purchase authorization will specify the commodity to be purchased or shipped; the maximum dollar amount; the method of financing and the CSS office which will administer the financing operation on behalf of CCC; the periods during which contracts between importers and suppliers may be entered into and during which deliveries may be made; provisions governing the deposit of the foreign currency purchase price; and any other provisions deemed necessary by the Administrator.

(c) In order to be eligible for financing under the applicable purchase authorization, contracts between importers and suppliers must be entered into within the specified contracting period and deliveries must be made within the specified delivery period, unless an extension of such contracting period or delivery period is granted in writing by the Administrator.

(d) Each purchase authorization issued shall be deemed to include the following provisions:

(1) *Modification or revocation.* The Administrator reserves the right at any time and from time to time, and for any reason or cause whatsoever, to supplement, modify, or revoke any purchase authorization (including the termination of deliveries thereunder). CCC shall reimburse suppliers for costs incurred in connection with firm sales contracts, and not otherwise recovered, as the result of such action by the Administrator: *Provided, however,* That such reimbursement shall not be made to a supplier if the Administrator determines that such action was taken by him because of failure by such supplier to comply with the requirements of this program.

(2) *Refund to CCC.* The importing country shall pay in U. S. dollars promptly to CCC upon demand by the Administrator the entire amount financed (or such lesser amount as the Administrator may demand) whenever the Administrator determines that the importing country has violated any undertaking or failed to fulfill any commitment agreed to or made by it in connection with the transaction financed. An equivalent amount (at the agreed exchange rate) of the foreign currency, if deposited for that transaction, will be refunded to the importing country, except to the extent that any currency deposited under this program has been

made available to the importing country on a grant basis.

(3) *Discounts.* If a contract provides for one or more discounts, whether expressed as such or "commission" to the importer, only the invoice amount after discount (supplier's gross price less all discounts) will be eligible for financing.

(4) *Purchasing agent's commissions.* No commission paid or to be paid to any agent, broker, or other representative of the importer will be eligible for financing, whether included in the unit price of the commodity or separately stated.

(5) *Adjustment refunds—(i) Letter of commitment method of financing.* All claims by importers for breach of contract and for adjustment refund arising out of the terms of the contract or out of the normal customs of the trade, including arbitration and appeal awards, amicable allowances, and claims for over-payment of ocean transportation shall be settled by payment in United States dollars and such payment shall be remitted by the supplier, for the account of the importer, to the banking institution to which the supplier presented the documents covering the original transaction. The importing country shall pay to CCC U. S. dollars in the amount paid by suppliers under any such claims. Immediately after receipt of such dollar amount, CCC will provide for payment to the importing country of the foreign currency equivalent of such amount at the exchange rate, specified in the purchase authorization, in effect on the date of such payment of foreign currency, except that if there has been a change in the exchange system or structure of the importing country, such payment shall be made at the exchange rate, specified in the purchase authorization, which was in effect on the date or dates of the dollar disbursements made in financing the respective transactions.

(ii) *Reimbursement method of financing.* Special provisions relating to adjustment refunds will be contained in commodity purchase authorizations under the reimbursement method and in ocean transportation purchase authorizations.

(6) *Insurance payable to or for the account of the importer.* Where the supplier pays for outturn, war risk or other marine insurance payable to or for the account of the importer, the policies of insurance shall provide that all claims shall be paid in U. S. dollars and that the underwriter shall notify the CSS Office named in the purchase authorization at the time a claim thereunder is paid, indicating the purchase authorization number, the names and addresses of the supplier, importer and payee of the claim, the amount paid, the nature of the claim, the quantity of the commodity involved in the claim, the date of shipment, the bill of lading number, and the name of the vessel. The importing country shall pay to CCC U. S. dollars in the amount paid by insurance underwriters. Immediately after receipt of such dollar amount, CCC will provide for payment to the importing country of the foreign currency equivalent of

such amount at the exchange rate, specified in the purchase authorization, in effect on the date of such payment of foreign currency, except that if there has been a change in the exchange system or structure, of the importing country such payment shall be made at the exchange rate, specified in the purchase authorization, which was in effect on the date or dates of the dollar disbursements made in financing the respective transactions. This subparagraph applies only where the cost of insurance is covered by the unit price of the commodity to be financed by CCC pursuant to specific authorization in the applicable purchase authorization. Unless specifically authorized, the cost of insurance will not be financed by CCC and must not be covered by the unit price or net invoice price.

(7) *Ocean freight financed as part of the commodity price.* All export sales contracts requiring payment of ocean freight by the supplier shall provide that demurrage and dispatch both at point of loading and point of discharge, shall be for the account of the supplier. The contract may provide that the importer shall reimburse the supplier for any amount by which demurrage at the point of discharge exceeds dispatch at that point, but any such amount will not be financed by CCC. Discharge costs on shipments under any such contract may be for the account of the vessel only when in accordance with trade custom. This subparagraph applies only where the cost of ocean freight is covered by the unit price of the commodity pursuant to specific authorization in the applicable purchase authorization. In the absence of such specific authorization the cost of ocean freight must not be covered by the unit price or net invoice price.

(8) *Ocean freight financed separately from commodity price.* Reimbursement will not be made for demurrage incurred in excess of dispatch earnings. Amounts earned for dispatch shall be credited first against demurrage, if any, incurred in connection with the same voyage; the balance shall be paid to CCC. Discharge costs may be for the account of the vessel only when in accordance with trade custom. This subparagraph applies only where the cost of ocean freight is financed separately from the commodity price pursuant to a special provision in the applicable purchase authorization.

(9) *Airmail distribution of ocean bills of lading.* The importing country shall instruct importers to advise shippers to airmail at the time of loading two non-negotiable copies (or photostats) of the on-board ocean bill of lading to the Administrator, FAS, U. S. Department of Agriculture, Washington 25, D. C.

(10) *Deposit of foreign currency.* Unless otherwise provided in the applicable purchase authorization, the importing country shall provide, as hereinafter stated, for the deposit of foreign currency equivalent to dollars disbursed by banking institutions or by CCC, except that foreign currency shall not be deposited for the amount of ocean freight differential stated on CCC Form 106

"Advice of Vessel Approval" for the tonnage involved in the shipment. Such deposits shall be at the exchange rate required by the purchase authorization and in effect upon the date of such disbursement. Documentation for each such deposit shall be furnished to the United States Disbursing Officer, and shall show the number of the purchase authorization, the date and amount of the related dollar disbursement, the exchange rate applicable to the deposit, and the amount of foreign currency deposited. The times and circumstances under which deposits shall be effected for the several types of sales are as follows:

(i) For transactions under the letter of commitment method of financing: Where time drafts are accepted under letters of credit, deposits shall be made on the date of maturity of each such draft or on such earlier date that CCC disburses the amount of the draft to the banking institution. In the case of all other payments under letters of credit, deposits shall be made immediately after receipt by the approved applicant of documentation showing the amount of dollar disbursements to suppliers by banking institutions under such letters of credit.

(ii) For transactions under the reimbursement method of financing (including ocean transportation financed separately from the commodity price), deposits shall be made upon receipt by the importing country or its designee of documentation showing the net amount of dollar reimbursement (after deduction of ocean freight differential, if any) by CCC to the importing country, or to its assignee, if the purchase authorization has been assigned.

(e) FAS will make public, with respect to each purchase authorization, information necessary to enable suppliers to initiate negotiations for sales under the program. Such information will be issued daily or as often as necessary in the form of a public release.

§ 11.5 Sub-authorizations. The importing country concerned will make sub-authorizations to importers within the terms of each purchase authorization. The importing country, in sub-authorizing, shall instruct importers to use the purchase authorization number in placing orders, and shall specify to importers all of the provisions of the purchase authorization which are applicable to the sub-authorization. Each importer to whom a sub-authorization has been made by his Government must inform his supplier that the transaction is to be financed under the act and must give to his supplier the purchase authorization number that has been given to him. The importer must also inform his supplier of any special provisions which affect the supplier in carrying out the transaction. The supplier must put the purchase authorization number on all documents pertaining to the transaction.

§ 11.6 Commodities eligible for financing. Only those commodities named in the purchase authorizations will be eligible for financing thereunder.

(a) Suppliers will not be required to obtain the commodity or its equivalent from CCC stocks (i. e. stocks owned by, or pledged or mortgaged to CCC). If CCC owned stocks of the commodity are available under this program, announcements containing the terms and conditions under which such stocks may be purchased will be issued by CCC (AMSCSS) and the public release in connection with the purchase authorization will specify the existing announcement, if any, under which purchase may be made. In some instances the CCC announcement may require that the identical stocks purchased from CCC be exported. In other instances the announcement will permit the export obligation arising thereunder to be satisfied by exportation under this program of stocks equivalent to those purchased from CCC. The announcement, in each such case, will define "equivalent" as used therein in terms of value, quantity and/or quality, and in terms of the unprocessed commodity equivalent of a processed commodity, if applicable. The CCC stocks must be purchased prior to the date of exportation under this program, unless the CCC announcement authorizes the purchase to be made subsequent to such date of exportation. The announcement will also specify the AMS or CSS Offices in Washington or in the field which may be contacted for further details.

(b) Stocks acquired from CCC under any other program which requires exportation will be eligible for financing under this program only if approved by CCC and subject to such terms and conditions as CCC shall require. The exportation under this program of stocks acquired from CCC under any other program which requires exportation will not be considered as fulfilling the purchaser's obligation to export the quantity involved under such other program or as relieving him from any liability arising by reason of his failure to export the quantity involved in accordance with the provisions of such other program. Commodities in connection with which financing is received hereunder shall not be eligible under any other export program of CCC or the U. S. Department of Agriculture, notwithstanding any provision of such other program, unless the applicable purchase authorization specifically provides for such eligibility.

§ 11.7 Methods of financing—(a) Letters of commitment to banking institutions. Upon request therefor by the importing country, the Administrator will issue purchase authorizations providing for financing under letters of commitment. Upon submission of applications therefor by the importing country, the Controller, CCC, will issue letters of commitment to banking institutions, obligating CCC to make reimbursement for payments, or acceptance of time drafts, for the cost of commodities (including ocean transportation and insurance when covered by the unit price of the commodity), made by them under letters of credit on behalf of an approved applicant. Procedures applicable to this method of financing are set out in § 11.8.

(b) *Reimbursement to importing countries.* (1) Upon request therefor by the importing country, the Administrator will issue purchase authorizations providing that reimbursement for the cost of commodities (including ocean transportation and insurance when covered by the unit price of the commodity) will be made by CCC to the importing country upon submission of the documents required by § 11.9 (a).

(2) Upon request therefor by the importing country, the Administrator will issue purchase authorizations providing that reimbursement for the cost of ocean transportation procured separately from the commodity will be made by CCC to the importing country upon submission of the documents required by §§ 11.9 (b) and 11.12.

(3) The right to receive reimbursement under purchase authorizations for amounts in addition to those initially reimbursed by CCC for the same transactions (including, if authorized by the applicable purchase authorization, payments in final settlement of contracts providing for future price fixation) must be exercised, by submission of the required documents, within 180 days from the date of such initial reimbursement by CCC.

(4) The right to receive reimbursement under purchase authorizations may be assigned by the importing country to any bank, trust company or other financing institution in the United States. Unless otherwise provided by the purchase authorization, the right of any such assignee to obtain reimbursement shall not be contingent upon the deposit of currency of the importing country.

(5) The required documents and requests for reimbursement shall be submitted to the CSS Office named in the applicable purchase authorization.

§ 11.8 Letters of commitment to banking institutions. (a) Letters of commitment issued by CCC to banking institutions under this program will assure reimbursement to the banking institution, not in excess of a specified amount in dollars and in accordance with the terms of such letters of commitment, for payments made or drafts accepted under letters of credit for the account of an approved applicant, including the payment or acceptance of drafts for additional amounts in connection with transactions where the required documents have been previously submitted to CCC. Drafts submitted by suppliers for such additional amounts shall not be paid or accepted unless provided for in the letter of credit or unless authorized under the letter of credit by the approved applicant. Drafts accepted for such additional amounts shall mature not later than the date of maturity of the draft relating to the original transaction. Reimbursement for any drafts accepted will be made on the date of maturity of such drafts or on an earlier date if arrangements are made by the importer to deposit foreign currency on such earlier date.

(b) Each letter of commitment will name the Federal Reserve Bank to which drafts shall be presented by the banking

institution in order to obtain reimbursement of amounts paid under the letters of credit, and will name the CSS Office which will administer the financing operation under the letter of commitment on behalf of CCC.

(c) Payments made or drafts accepted by banking institution in anticipation of a letter of commitment and falling within the scope of payments authorized by such a letter of commitment when issued will be deemed to be payments to be reimbursed thereunder.

(d) Each letter of commitment issued to a banking institution shall be deemed to incorporate the following terms and provisions:

(1) The application or request for, and any agreement relating to, any letter of credit issued, confirmed, or advised under a letter of commitment to a banking institution, may be in such terms and provisions as the approved applicant and banking institution may agree upon, and the approved applicant and banking institution may agree to any extension of the life of, or any other modification of, or variation from the terms of any such letter of credit: *Provided*, That where letters of credit provide for acceptance of time drafts such letters of credit shall specify that the discount and acceptance fees shall be for the account of the importer: *And provided, further*, That such terms and provisions and any such extension, modification or variance shall be in no respect inconsistent with or contrary to the terms and provisions of the letter of commitment, and in case of any inconsistency or conflict, the terms and provisions of the letter of commitment shall control. In any event every application for a letter of credit shall include the substance of the directions as to documentation required by this subpart.

(2) Immediately after acceptance of time drafts, the banking institution shall forward the documents required by § 11.9 (a) to the CSS Office named in the letter of commitment. Drafts drawn by the banking institution on CCC shall be presented to the Federal Reserve Bank and shall be supported by the documents required by § 11.9 (a) and any additional documents specified in the applicable purchase authorization or in the letter of commitment, or shall be supported by CCC Form 339, "Advice of Receipt of Documents", if such documents were submitted to CCC prior to presentation of the draft.

(3) The banking institution shall have no responsibility for the truth or accuracy of the statements contained in the supplier's certificate or invoice-and-contract abstract. The rights of the banking institution under the letter of commitment will not be affected by the fact that such abstracts may be incomplete, or may indicate non-compliance with any provision of this subpart, or of the purchase authorization, or of the letter of commitment, or may be inconsistent with other required documents.

(4) Each letter of credit, modification, or extension shall bear the number of the applicable letter of commitment and purchase authorization. The banking institution shall make available to the

CSS Office named in the letter of commitment, upon request, a copy of each letter of credit issued, confirmed, or advised by it, and of any extension or modification thereof; a copy of each application and agreement relating to such letter of credit; a copy of each document in its possession received by it under the letter of credit; and detailed advice of the interest, commissions, expenses, or other items charged by it in connection with each such letter of credit.

(5) Acceptance by the banking institution of any document in the ordinary course of business in good faith as being genuine and valid and sufficient in the premises, and the delivery thereof to the Federal Reserve Bank, or the CSS Office as required, shall constitute full compliance by the banking institution with any provision of this subpart, the purchase authorization, or the letter of commitment requiring delivery of a document of the sort that the document actually so delivered purports to be. The banking institution shall be entitled to receive and retain reimbursement of the amount of all payments made by it against documents so accepted, notwithstanding that such payments may be made in connection with a sale at a price in excess of the maximum specified in § 11.11.

(6) The Administrator reserves the right at any time and from time to time, and for any reason or cause whatsoever, to supplement, modify, or revoke a purchase authorization (including termination of deliveries thereunder): *Provided, however*, That no supplement, modification or revocation shall become effective as to the banking institution until the receipt by it from the Controller, CCC, of written notice of such supplement, modification or revocation, and such supplement, modification or revocation shall in no event affect or impair the right of reimbursement to the extent of any drafts accepted or payments made prior to receipt of such notice, or any irrevocable obligation incurred under a letter of credit issued or confirmed by it, prior to receipt of such notice, for which the banking institution has not been repaid by the approved applicant (without, however, any obligation on its part to obtain such repayment). The term "purchase authorization" as used in a letter of commitment shall be deemed to include each such supplement or modification from and after receipt by the banking institution from the Controller, CCC, of written notice of the same, subject always, however, to the foregoing terms and provisions preserving rights of reimbursement in its behalf.

(7) In the event the Administrator shall revoke such purchase authorization or supplement or modify the same in relation to the disposition of any document or documents and the Controller, CCC, shall give the banking institution written notice thereof, the banking institution shall in all respects comply with the instruction of the Controller, CCC, to the extent it may do so without impairing or affecting any irrevocable obligation or liability theretofore incurred by it under any letter of credit

issued or confirmed by it, and it shall be repaid and reimbursed by CCC for the costs, expenses and liabilities paid or incurred by it in relation to such instruction. Such repayment and reimbursement shall be made by CCC upon application therefor filed with the CSS Office named in the letter of commitment and supported by an itemized statement of the costs, expenses and liabilities certified to by an officer of the banking institution. The banking institution shall have no obligation or liability whatsoever to the approved applicant for anything done or omitted to be done by it pursuant to such instructions of the Controller, CCC.

(8) Unless otherwise specifically provided in the letter of commitment, drafts drawn by banking institutions on CCC shall be presented not later than 180 days after expiration of the delivery period specified in the applicable purchase authorization, or any extension thereof granted by the Administrator.

(9) The letter of commitment shall inure to the benefit of the banking institution's legal successors and assigns.

§ 11.9 *Documentation*. Drafts drawn on CCC and requests submitted to CCC for reimbursement shall be supported by the documents required by the appropriate subsection of this section, except when and to the extent such documents have been previously submitted to CCC, or specifically waived in writing by the Controller, CCC. Each document must be identified with the appropriate purchase authorization number.

(a) *Commodity cost (including ocean freight and insurance where covered by the commodity unit price)*. (1) Signed originals of supplier's certificate, with invoice-and-contract abstract on the reverse side (CCC Form 329, set out in paragraph (c) of this section), as follows:

(i) Covering the supplier's net invoice price expressed in dollars, executed by the supplier of the commodity.

(ii) The cost of ocean freight on C & F and CIF transactions, executed by the ocean carrier.

(2) One non-negotiable copy (or photostat) of on-board bill of lading or, in the case of export rail or truck shipment, one copy of Shipper's Export Declaration authenticated by the appropriate U. S. Customs official.

(3) One copy (or photostat) of supplier's detailed invoice showing quantity, description, gross sales price and net sales price expressed in dollars, and basis of delivery (e. g., f. o. b. vessel, c. i. f.) of the commodities, and either marked "paid" by the supplier or endorsed by, or accompanied by a certificate of, an officer of the banking institution indicating that payment has been made or that a time draft has been accepted in the amount shown on the invoice. In arriving at the net sales price there shall be deducted:

(i) Any ocean freight differential included in the gross sales price, in the case of transactions under the letter of commitment method of financing.

(ii) The cost of ocean transportation, when such deduction is required by CCC Form 106, "Advice of Vessel Approval",

(iii) All discounts from the supplier's gross sales price through payments, credits or other allowances made or to be made to the buyer or consignee, and

(iv) All purchasing agent's commissions applicable.

(4) Signed original of CCC Form 106, "Advice of Vessel Approval".

(5) One non-negotiable copy (or photostat) of the insurance certificate or policy where insurance is covered by the unit price of the commodity.

(6) CCC Form 331, "Advice of Payment or Acceptance of Draft" signed by an officer of the banking institution in the case of financing under the letter of commitment method. (This form is not required under the reimbursement method of financing.)

(7) In the case of additional payments (including, if authorized by the applicable purchase authorization, payments in final settlement of contracts providing for future price fixation) in connection with transactions where the required documents have been previously submitted to CCC, the documents required by subparagraphs (1), (3) and (6) of this paragraph and the supplier's invoice, in addition to the information required by subparagraph (3) of this paragraph, must show the date, serial number and amount of the original invoice, and the basis for the additional amount claimed.

(8) Such additional or substitute documentation, if any, as may be required for reimbursement by the purchase authorization or letter of commitment.

(b) *Cost of ocean transportation where financed separately from commodity cost.* (1) Signed original of supplier's certificate, with invoice-and-contract abstract on the reverse side (CCC Form 329, set out in subsection (c) of this section), to be executed by the carrier, covering the dollar cost of ocean transportation.

(2) One non-negotiable copy (or photostat) of on-board ocean bill of lading.

(3) One copy (or photostat) of carrier's detailed invoice marked "Paid".

(4) Signed original of CCC Form 106, "Advice of Vessel Approval".

(5) One copy (or photostat) of the charter party or liner booking contract.

(6) Such additional or substitute documentation, if any, as may be required by the purchase authorization.

(c) The supplier's certificate is as follows:

Commodity Credit
Corporation Form 329
(12-22-55)

SUPPLIER'S CERTIFICATE

The supplier hereby acknowledges notice that the sum indicated on the accompanying invoice as claimed to be due and owing under the terms of the underlying contract, is to be paid out of funds made available by the Commodity Credit Corporation under the Agricultural Trade Development and Assistance Act of 1954, as amended, and further certifies and agrees with CCC as follows:

(1) The supplier is entitled under said contract to the payment of the claimed sum, and he will promptly make appropriate refund to the CSS Office named in the purchase authorization for any breach by him of the terms of this certificate.

(2) Payment of damages for breach of said contract and of adjustment refunds arising out of the terms of the contract or the customs of the trade shall be made in United States dollars, for the account of the party entitled to such payment and, unless otherwise provided in the purchase authorization, shall be remitted to the banking institution to which the supplier presented the documents covering the original transaction.

(3) The supplier is the producer, processor, or exporter of, or a regular dealer in, the commodity, or is the ocean carrier who furnished transportation under said contract, and has not employed any person to obtain said contract under any agreement for a commission, percentage, or contingent fee, except to the extent, if any, of the payment of a commission to a bona fide established commercial or selling agent employed by the supplier as disclosed on the reverse of this form.

(4) The supplier has not given or received and will not give or receive by way of side payment, "kickbacks," or otherwise, any benefit in connection with said contract except as is disclosed on the reverse of this form, or as is the result of the adjustments referred to in paragraph (2) above.

(5) Unless authorized by the applicable purchase authorization, the net invoice price does not contain any amount to cover the cost of ocean freight or insurance.

(6) If the applicable purchase authorization so authorizes and the export sales contract requires payment by the supplier of ocean freight, any net dispatch earnings are for the account of the supplier under such contract and discharge costs are for the account of the vessel only if in accordance with trade customs.

(7) If the applicable purchase authorization so authorizes and the export sales contract requires payment by the supplier of insurance, the policies of insurance contain a provision requiring the underwriter to notify the CSS Office of any claim paid.

(8) If the supplier is the producer, or processor of a commodity, said contract is not a cost plus-a-percentage-of-cost contract.

(9) On the basis of information obtained from such sources as are available to the supplier, and to the best of his information and belief, the commodity was grown in the United States and, if processed, such processing was performed in the United States. (This certification is not required where the commodities exported were the identical commodities purchased from CCC.)

(10) On the basis of information obtained from such sources as are available to the supplier, and to the best of his information and belief, his sales price is no higher than the maximum specified in the applicable regulations of the U. S. Department of Agriculture or in the purchase authorization.

(11) The supplier has complied with the applicable requirements of said regulations, and has allowed all discounts, including discounts for quantity purchases and prompt payment, customarily allowed his other customers similarly situated.

(12) If the supplier is an ocean carrier, he shall not be deemed to certify to paragraph (2) in the case of c. & f. or c. i. f. transactions or to paragraph (5), (6), (7), (8), (9), (10), and (11) but instead certifies that the rate indicated on the reverse of this form for ocean transportation does not exceed the prevailing rate for similar freight contracts or the rate paid to the supplier for similar services by other customers similarly situated; that address commissions have not and will not be paid; that brokerage commissions in excess of 2½ percent of the freight charged have not and will not be paid; and that the names of all parties participating in the brokerage commission are shown on the charter party.

(13) The supplier has filled in the applicable portions of the invoice-and-contract

abstract on the reverse hereof, certifies to the correctness of the information shown therein, and will furnish promptly to the CSS Office, upon request, such additional information in such form as the CSS Office may require concerning price or any other details of the contract.

(Date)

(Authorized signature)

(Title)

NOTE: Any amendments, deletions of applicable provisions, or substitutions will invalidate this certificate.

Before executing the supplier's certificate, the supplier shall fill in the invoice-and-contract abstract on the reverse side in accordance with the instructions printed on the form. The information required by the abstract is generally as follows:

(1) Invoice information, including the supplier's name and address, the importer's name and address, and detailed billing and shipping data.

(2) Information relating to agents' commissions paid or to be paid.

(3) Contract and price information expressed in dollars including a reconciliation of the contract and invoice prices applicable.

§ 11.10 *Responsibilities of banking institutions in connection with letters of commitment issued to them.* (a) Documents required to support drafts for reimbursement are enumerated in § 11.9 (a). Such documents are referred to in this section as "required documents".¹ Any additional documents required with respect to any particular transaction will be specified as such in the purchase authorization related to that transaction and to the corresponding letter of commitment, or in the letter of commitment itself. A banking institution holding a letter of commitment is not required by CCC to obtain any documents other than those enumerated in § 11.9 (a) and any additional documents so specified.

(b) A banking institution is not responsible for the truth or accuracy of the statements contained in any of the required documents. A banking institution is not obliged to look beyond these documents nor to make independent investigation as to the accuracy of statements made therein.

(c) (1) A banking institution's examination of the required documents must be made in accordance with good commercial practice. A banking institution is responsible for ascertaining that the required documents are consistent with the related purchase authorization and letter of commitment in the following particulars, and no others:

(i) Delivery, to the extent described in paragraph (d) of this section;

(ii) Destination, to the extent described in paragraph (e) of this section;

(iii) Description, to the extent described in paragraph (f) of this section;

¹ In paragraphs (c), (e), (f), and (g) of this section, the phrase "required documents" does not include the invoice-and-contract abstract.

(iv) Discounts and purchasing agents' commissions, to the extent described in paragraph (g) of this section;

(v) Vessel approval, to the extent described in paragraph (h) of this section;

(vi) Deduction for ocean transportation to the extent described in paragraph (i) of this section;

(vii) Deduction for ocean freight differential to the extent described in paragraph (j) of this section;

(viii) If the banking institution is to be responsible for any additional particulars, these will be specified in the purchase authorization or letter of commitment as additional required documents or as additional statements to be contained in the required documents.

(2) The right of reimbursement for payments made or drafts accepted by a banking institution in accordance with good commercial practice will not be affected by the information contained in the invoice-and-contract abstract, nor, except with respect to those particulars listed in subdivisions (i) through (viii) of subparagraph (1) of this paragraph, by the fact that the other documents received by the banking institution or information or notice received from any other source indicate non-compliance with any provisions of this subpart, or of the purchase authorization or the letter of commitment.

(3) The foregoing shall not be construed to limit any rights CCC may have against a supplier by reason of statements contained in the supplier's certificate, nor against an importing country under § 11.4 (d) (2).

(d) Section 11.4 (c) permits delivery under the purchase authorization at any time within the delivery period specified in the purchase authorization. If any of the documents specified in § 11.9 (a) (2) or in the purchase authorization or in the letter of commitment are dated at any time within that period or any extension thereof granted by the Administrator, they are acceptable.

(e) The purchase authorization will show the importing country. If the required documents are consistent, under good commercial practice, with shipment or transshipment to such country, they are acceptable.

(f) The purchase authorization will describe the commodity. In issuing, confirming, or advising letters of credit, a banking institution should see that the commodity description is not inconsistent with the description in the purchase authorization. In making payments or accepting time drafts under letters of credit the banking institution shall act in accordance with good commercial practice, based on the description contained in the required documents.

(g) A banking institution is not required to make independent inquiry as to whether the net invoice price includes either discounts (whether expressed as such or as "commissions" to the importer, or made or to be made through payments, credits or other allowances to the buyer or consignee), or commissions payable to purchasing agents, but should not honor any such items when disclosed by the required documents.

(h) The banking institution shall not, except upon written or telegraphic approval by CCC, make payment or accept time drafts under the letter of credit unless the name of the vessel shown on the CCC Form 106, "Advice of Vessel Approval", is identical with the name of the vessel shown on the bill of lading, and the gross tonnage involved in the shipment(s), as shown on the bill(s) of lading, is not in excess of the weight authorized on the CCC Form 106. The banking institution is not required to verify the signature appearing on the form or to make an independent inquiry as to the correctness of the information shown thereon.

(i) If a deduction for ocean transportation is required by CCC Form 106, the banking institution shall not make payment or accept time drafts under the letter of credit unless such deduction is shown on the supplier's detailed invoice. The banking institution is not required to verify the accuracy of the amount of such deduction.

(j) Where ocean transportation is covered by the unit price of the commodity (c. & f. or c. i. f.) and an amount of ocean freight differential is shown on CCC Form 106, the banking institution shall not make payment or accept time drafts under the letter of credit unless the supplier's detailed invoice contains either (1) a deduction of such differential from the gross sales price, or (2) the following stamped or typed certification executed by the supplier: "The undersigned hereby certifies that the gross sales price shown on this invoice does not include any amount for ocean freight differential payable by CCC pursuant to the Regulations issued under Title I, Public Law 480." The banking institution shall verify the accuracy of any such deduction.

(k) (1) Section 11.4 sets forth certain provisions to be deemed incorporated in each purchase authorization. The documents required by § 11.9 (a) include supplier's certificates showing compliance with some of these provisions. A banking institution is entitled to rely on such certificates, as well as on any special certifications required by this subpart or by a particular purchase authorization or letter of commitment.

(2) Certain other provisions of § 11.4 are included solely for the instruction of suppliers, purchasers and the importing countries themselves, and are not matters for which banks are to assume responsibility. In this category are the provisions of § 11.4 (d) (5), (6), (7), (8), (9) and (10).

(l) Banking institutions financing transactions under letters of commitment are not required to assume responsibility for compliance with the provisions of the following sections:

(1) Section 11.4 (c) with respect to the period within which contracts may be entered into;

(2) Section 11.6 with respect to the purchase and exportation of commodities from CCC stocks;

(3) Section 11.12 with respect to ocean transportation except to the extent stated in paragraphs (h), (i) and (j) of this section.

(m) Section 11.13 contains provisions concerning use of the purchase authorization number, placement of orders, and delivery dates. Banking institutions financing transactions under letters of commitment are not required to assume responsibility for compliance with this section, but shall not finance the transactions unless the documentation bears the appropriate purchase authorization number and evidences delivery within the delivery period specified in the purchase authorization.

(n) Upon demand therefor made by the CSS Office named in the letter of commitment, the banking institution shall promptly reimburse CCC for any losses sustained as a direct result of failure on the part of the banking institution to carry out its responsibilities as required by this section.

§ 11.11 *Price provisions.* (a) The supplier's sales price must not exceed the prevailing range of export market prices (or such other maximum price level as may be specified in the purchase authorization) as applied to the terms of sale at the time of sale. "Time of sale" shall mean the day as of which the sales price, or the method for determining the price, is established between the importer and the supplier.

(b) In the event the sales price exceeds the maximum permissible under paragraph (a) of this section, the supplier, in the case of sales financed under letters of commitment, shall refund the amount of such excess to CCC promptly after determination and notification of the amount thereof by CCC. An appropriate refund of foreign currency will be made to the importing country. If not promptly refunded such amount may be set-off by CCC against any monies owed by it to the supplier. The making of any such refund to CCC, or any such set-off by CCC shall not, however, prejudice the right of the supplier to challenge the correctness of such determination in a court action brought against CCC for recovery of the amount refunded or set-off.

(c) No claim shall be asserted by CCC under this section unless the supplier is notified of such claim and of the amount thereof within 90 days after the date the required documents are received by CCC.

(d) In the case of cotton, the following shall apply in lieu of the provisions of paragraphs (b) and (c) of this section:

(1) The supplier shall, within 5 days from the date of export sale, furnish the Director, CSS Commodity Office, 120 Marais Street, New Orleans 16, Louisiana, with a copy of his sales confirmation, and if the supplier fails to do so, CCC shall have the right to refuse to finance the sale under the program.

(2) The CSS Commodity Office will undertake, on behalf of CCC, to check the sales confirmation as to price and to inform the supplier, within 3 business days from receipt of the sales confirmation, whether such price is in conformance with paragraph (a) of this section.

(i) If the CSS Commodity Office determines the sales price is in conformance with paragraph (a) of this section,

the supplier will immediately be informed by telegram of the registration number assigned to the sale by CCC.

(ii) Failure by the CSS Commodity Office to so notify the supplier by telegram within 5 business days after receipt of the copy of the sales confirmation will indicate that the sales price is not acceptable, and the sale will not be financed under the program unless the supplier satisfies CCC that the sales price is in conformance with paragraph (a) of this section.

§ 11.12 *Ocean transportation.* (a) Unless otherwise specifically provided in the applicable purchase authorization, the pertinent terms of all charters (whether single voyage charters, consecutive voyage charters or time charters) and the terms of all liner bookings must be submitted to the Director, Transportation and Storage Services Division, CSS, U. S. Department of Agriculture, Washington 25, D. C. (except that in the case of cotton, such terms shall be submitted to the Director, CSS Commodity Office, U. S. Department of Agriculture, Wirth Building, 120 Marais Street, New Orleans 16, Louisiana) for review and approval prior to the fixture of vessels. Such submission shall be made on CCC Form 105, "Ocean Shipment Data—Title I, Pub. Law 480" or in the case of cotton, on CCC Form 105 (cotton). Approvals of charters and liner bookings will be given on CCC Form 106, "Advice of Vessel Approval", signed by the Director or the Acting Director of the Transportation and Storage Services Division, or in the case of cotton, on CCC Form 106 (cotton), signed for the Director, CSS Commodity Office, New Orleans, Louisiana. The Form 106 will state whether the shipment on that vessel constitutes dry cargo liner, dry bulk carrier, or tanker tonnage. A copy of each charter party and liner booking contract shall be forwarded immediately after execution to the Director of the Transportation and Storage Services Division, or in the case of cotton, to the Director, CSS Commodity Office, New Orleans, Louisiana, by the party executing the CCC Form 105.

(b) If the purchase authorization requires that a part of the commodity be shipped on privately owned United States-flag commercial vessels, suppliers or shippers must obtain from the Director or Acting Director of the Transportation and Storage Services Division, or in the case of cotton from the Director or Acting Director of the CSS Commodity Office, New Orleans, Louisiana, a determination as to the quantity of the commodity, under each sale, which must be shipped on United States-flag vessels. Where it is required that the commodity be shipped on a United States-flag vessel, CCC Form 106 will set forth the amount of the ocean freight differential, if any, which CCC will recognize as existing between the prevailing foreign-flag vessel rate and the United States-flag vessel rate.

(c) CCC will not finance the cost of ocean transportation on flag vessels of the importing country either as a part of the commodity cost (i. e., c. i. f., c. & f.) or separate therefrom, except that where

the purchase of consignment stocks is authorized, the full sales price will be financed even though such stocks may have been transported on flag vessels of the importing country. The cost of ocean transportation will be financed by CCC on flag vessels of other than the importing country only when specifically provided for in the applicable purchase authorization. Where the financing of ocean transportation is so provided for, the following shall apply:

(1) Where ocean transportation is covered by the commodity unit price, and is to be financed under the letter of commitment procedure, CCC will pay the amount of the ocean freight differential, if any, stated on CCC Form 106, for the tonnage involved, directly to the supplier of the commodity. Such payment will be made by the CSS Office named in the purchase authorization upon presentation of proper invoice. The ocean freight differential, therefore, must not be included in the net amount of the supplier's detailed invoice.

(2) Where ocean transportation is procured separately from the commodity, reimbursement will be made by CCC subject to the following conditions:

(i) The rate charged by the supplier of ocean transportation shall not exceed the prevailing rate for similar freight contracts.

(ii) Reimbursement will be made for the cost of shipment from points of loading to points of discharge at rates established in the applicable charter party or ocean booking contract, but not to exceed, in the case of dry cargo liner shipments, the conference rate for such service, if any.

(iii) Where the charter party or liner booking contract provides for dispatch earnings, reimbursement will be made of 90 percent of the cost of the shipment on presentation of documents covering at least 90 percent of the cost of the shipment, and the balance, if any, supported by the vessel's laytime statement(s) signed by the ship's master, owner or agent, and consignee, will be paid after final settlement of dispatch/demurrage claims.

(iv) Loading, trimming, and other related shipping expenses will not be financed by CCC as items separate from ocean freight. Discharge costs may be covered by the ocean freight financed by CCC only when in accordance with trade customs. The cost of dead freight will not be financed by CCC.

(d) Where ocean transportation is covered by the commodity unit price and the applicable purchase authorization contains a provision to the effect that ocean transportation on certain vessels will not be financed by CCC, the CCC Form 106 will require that a deduction for ocean transportation be shown on the supplier's detailed invoice covering the commodity shipped on such vessels.

(e) CCC will not finance brokerage commissions in excess of 2½ percent of the freight charged nor will address commissions be financed. The names of all parties participating in the brokerage commission must be shown on the charter party.

(f) CCC will not finance ships' dollar disbursements.

(g) The definitions of dry bulk carrier, dry cargo liner, and tanker, as used in connection with this program are as follows:

(1) Dry bulk carriers are irregularly scheduled vessels commonly referred to as "tramps." They go where full cargoes offer. Rates are negotiated by charter arrangements covering the movement of a specific commodity, a specific quantity, at a specific time from specific port or ports to specific destination port or ports. Cargoes under this category generally include grain, coal, fertilizers, lumber, pitch, salt, sugar, etc.

(2) Dry cargo liners: Liner cargo is cargo carried on vessels more or less regularly scheduled in specific trade routes. Any cargo can be shipped in this service including part-cargoes (parcels) of such bulk items as grain, coal, etc.; however, normal practice usually limits such bulk shipments on liners to parcels not exceeding 4,500 tons. Petroleum, vegetable oils, and similar bulk liquids carried in deep tanks of dry cargo liner vessels are classified as liner cargoes.

(3) Tankers generally carry full cargoes of a single bulk liquid commodity such as crude oil, specialty crude oils (such as bunkers), gasoline, kerosene, vegetable oils, and molasses. Some tankers are equipped by compartmentation to carry various combinations of the above in separate compartments.

§ 11.13 *Additional responsibilities of importers and suppliers.* (a) Each importer to whom a sub-authorization has been made by his Government must inform his supplier that the transaction is to be financed under the act and must give to his supplier the purchase authorization number that has been given to him. The importer must also inform his supplier of any special provisions which affect the supplier in carrying out the transaction.

(b) The supplier must put the purchase authorization number on all documents required by § 11.9 (a).

(c) An importer must comply with the contract and delivery dates specified in his sub-authorization by the importing country. A supplier must not accept orders identified by a purchase authorization unless he expects to comply with the contract and delivery dates specified.

(d) It is the responsibility of the supplier to assure that he does not make shipments or deliveries of commodities prior to the issuance, confirmation, or advice by a banking institution in the United States of an irrevocable commercial letter of credit in his favor.

(e) The rate of exchange and the deposit to the account of the United States of the foreign currency purchase price of the commodity will be arranged between the Governments of the United States and the importing country. The supplier will not be responsible for assuring that the foreign currency is so deposited.

§ 11.14 *Saving clause.* The Administrator, if he deems such action desirable in order to accomplish the purposes of the act, may waive, withdraw, or amend at any time, or from time to time any or all of the provisions of this subpart.

§ 11.15 *CSS Commodity Offices.* The addresses of the CSS Commodity Offices are as follows:

CSS Commodity Office, U. S. Department of Agriculture, 623 South Wabash Avenue, Chicago 5, Illinois.

CSS Commodity Office, U. S. Department of Agriculture, 500 South Ervay Street, Dallas 1, Texas.

CSS Commodity Office, U. S. Department of Agriculture, Fidelity Building, 911 Walnut Street, Kansas City 6, Missouri.

CSS Commodity Office, U. S. Department of Agriculture, 1006 West Lake Street, Minneapolis 8, Minnesota.

CSS Commodity Office, U. S. Department of Agriculture, 1218 Southwest Washington Street, Portland 5, Oregon.

CSS Commodity Office, U. S. Department of Agriculture, 1010 Broadway, Cincinnati 2, Ohio.

CSS Commodity Office, U. S. Department of Agriculture, Wirth Building, 120 Marais Street, New Orleans 16, Louisiana.

§ 11.16 *Effective date.* This revision of this subpart shall become effective upon publication in the *FEDERAL REGISTER* as to purchase authorizations originally issued on and after the date of such publication. Purchase authorizations originally issued prior to such date of publication shall continue to be subject to the provisions of this subpart applicable thereto prior to this revision unless made subject to this revision by amendment or modification of such purchase authorizations.

Done at Washington, D. C., this 29th day of February 1956. Witness my hand and the seal of the Department of Agriculture.

[SEAL] EARL L. BUTZ,
Assistant Secretary of Agriculture.

[F. R. Doc. 56-1696; Filed, Mar. 5, 1956;
8:47 a. m.]

UNITED STATES DEPARTMENT OF AGRICULTURE

SALES OF AGRICULTURAL COMMODITIES FOR FOREIGN CURRENCIES

REGULATIONS AND PROCEDURES

(REPRINTED FROM FEDERAL REGISTER OF *February 15, 1957*)

TITLE 7—AGRICULTURE

Subtitle A—Office of the Secretary of Agriculture

PART 11—SALES OF AGRICULTURAL COM- MODITIES FOR FOREIGN CURRENCIES

SUBPART A—REGULATIONS GOVERNING THE FINANCING OF COMMERCIAL SALES OF SURPLUS AGRICULTURAL COMMODITIES FOR FOREIGN CURRENCIES

MISCELLANEOUS AMENDMENTS

Basis and purpose of Amendment 1. Section 11.4 (d) (7) of the regulations provides that demurrage and dispatch at point of discharge shall be for the account of the supplier except that the export sales contract may provide that net demurrage at point of discharge shall be for the account of the importer.

The purpose of Amendment 1 is to eliminate the prohibition against the importer earning dispatch in excess of demurrage at point of discharge under export sales contracts where ocean freight is financed as part of the commodity price.

Basis and purpose of Amendment 2. Section 11.7 (b) (3) of the regulations provides that application for reimbursement for supplemental payment under the direct reimbursement method of financing must be made within 180 days from the date of reimbursement for the initial payment by CCC.

The purpose of Amendment 2 is to require that any requests for reimbursement must be submitted to CCC within a period of 210 days after expiration of the specified delivery period or any extension thereof.

Basis and purpose of Amendment 3. Section 11.8 (d) (8) provides that drafts drawn by banking institutions on CCC shall be presented not later than 180 days after expiration of the delivery period specified in the applicable purchase authorization or any extension thereof granted by the Administrator.

The purpose of Amendment 3 is to increase the period of time for presentation to 210 days after expiration of the specified delivery period or any extension thereof.

Basis and purpose of Amendment 4. Section 11.9 (a) provides that drafts drawn on CCC and requests submitted to CCC for reimbursement shall be supported by certain required documents.

The purpose of Amendment 4 is to add a paragraph listing as a required document the signed original of CCC Form 329-3 "Statement of Transmittal of Ocean Bills of Lading".

Basis and purpose of Amendment 5. Section 11.9 (c) of the regulations prescribes the contents of CCC Form 329, "Supplier's Certificate".

The purpose of Amendment 5 is to amend paragraph 6 of the certificate to eliminate the certification that net dispatch earnings are for the account of the supplier, and to provide that information with respect to agents' commissions need not be filled in on any copies of the invoice-and-contract abstract (reverse side of CCC Form 329) furnished by the supplier to the importer.

Basis and purpose of Amendment 6. Section 11.10 (m) provides that banking institutions shall not finance the transaction unless the documentation bears the appropriate purchase authorization number and evidences delivery within the delivery period specified in the purchase authorization.

The purpose of Amendment 6 is to make it clear that the extent of the banking institution's responsibilities with respect to the delivery period specified in the purchase authorization, is to ascertain that the shipping documents evidence delivery within the prescribed period.

The Regulations Governing the Financing of Commercial Sales of Surplus Agricultural Commodities for Foreign Currencies (21 F. R. 1431) are hereby amended as follows:

1. Paragraph (d) (7) of § 11.4 *Purchase authorizations* is hereby amended to read as follows:

(7) *Ocean freight financed as part of the commodity price.* Ocean freight will be financed as part of the commodity cost only to the extent specifically provided in the applicable purchase authorization. In the absence of a specific provision in the applicable purchase authorization, the cost of ocean freight will not be financed by CCC as part of the commodity price and must not be covered by the net invoice price. Discharge costs on shipments under any export sales contracts where ocean freight is being financed as part of the commodity price may be for the account of the vessel only when in accordance with trade custom.

2. Paragraph (b) (3) of § 11.7 *Methods of financing* is hereby amended to read as follows:

(3) Unless otherwise specifically provided in the purchase authorization, all requests for reimbursement supported by the required documentation shall be submitted to CCC not later than 210 days after expiration of the delivery period specified in the applicable au-

thorization or any extension thereof granted by the Administrator.

3. Paragraph (d) (8) of § 11.8 *Letters of commitment to banking institutions* is hereby amended to read as follows:

(8) Unless otherwise specifically provided in the letter of commitment, drafts drawn by banking institutions on CCC shall be presented not later than 210 days after expiration of the delivery period specified in the applicable purchase authorization or any extension thereof granted by the Administrator.

4. a. Paragraph (a) of § 11.9 *Documentation* is hereby amended to add a subparagraph (8) to read as follows:

(8) Signed original of CCC Form 329-3 "Statement of Transmittal of Ocean Bills of Lading" showing that two non-negotiable copies (or photo-stats) of the on-board ocean bill of lading have been forwarded to the Administrator, Foreign Agricultural Service, Washington 25, D. C., as required by § 11.4 (d) (9).

b. Present subparagraph (8) is re-numbered subparagraph (9).

5. Paragraph (c) of § 11.9 *Documentation* is hereby amended to read as follows:

(c) The supplier's certificate is as follows:

COMMODITY CREDIT CORPORATION FORM 329
(NOVEMBER 15, 1956)

SUPPLIER'S CERTIFICATE

The supplier hereby acknowledges notice that the sum indicated on the accompanying invoice as claimed to be due and owing under the terms of the underlying contract, is to be paid out of funds made available by the Commodity Credit Corporation under the Agricultural Trade Development and Assistance Act of 1954, as amended, and further certifies and agrees with CCC as follows:

(1) The supplier is entitled under said contract to the payment of the claimed sum, and he will promptly make appropriate refund to the CSS Office named in the purchase authorization for any breach by him of the terms of this certificate.

(2) Payment of damages for breach of said contract and of adjustment refunds arising out of the terms of the contract or the customs of the trade shall be made, in United States dollars, for the account of the party entitled to such payment and, unless otherwise provided in the purchase authorization, shall be remitted to the banking institution to which the supplier presented the documents covering the original transaction.

(3) The supplier is the producer, processor, or exporter of, or a regular dealer in, the commodity, or is the ocean carrier who furnished transportation under said contract, and has not employed any person to obtain said contract under any agreement for a commission, percentage, or contingent fee, except to the extent, if any, of the payment of a commission to a bona fide established commercial or selling agent employed by the supplier as disclosed on the reverse of this form.

(4) The supplier has not given or received and will not give or receive by way of side payment, "kickbacks", or otherwise, any benefit in connection with said contract except as is disclosed on the reverse of this form, or as is the result of the adjustments referred to in paragraph (2) above.

(5) Unless authorized by the applicable

purchase authorization, the net invoice price does not contain any amount to cover the cost of ocean freight or insurance.

(6) If the applicable purchase authorization so authorizes and the export sales contract requires payment by the supplier of ocean freight, discharge costs are for the account of the vessel only if in accordance with trade customs.

(7) If the applicable purchase authorization so authorizes and the export sales contract requires payment by the supplier of insurance, the policies of insurance contain a provision requiring the underwriter to notify the CSS Office of any claim paid.

(8) If the supplier is the producer, or processor of a commodity, said contract is not a cost plus-a-percentage-of-cost contract.

(9) On the basis of information obtained from such sources as are available to the supplier, and to the best of his information and belief, the commodity was grown in the United States and, if processed, such processing was performed in the United States. (This certification is not required where the commodities exported were the identical commodities purchased from CCC.)

(10) On the basis of information obtained from such sources as are available to the supplier, and to the best of his information and belief, his sales price is no higher than the maximum specified in the applicable regulations of the U. S. Department of Agriculture or in the purchase authorization.

(11) The supplier has complied with the applicable requirements of said regulations, and has allowed all discounts, including discounts for quantity purchases and prompt payment, customarily allowed his other customers similarly situated.

(12) If the supplier is an ocean carrier, he shall not be deemed to certify to paragraph (2) in the case of c. & f. or c. i. f. transactions or to paragraph (5), (6), (7), (8), (9), (10), and (11) but instead certifies that the rate indicated on the reverse of this form for ocean transportation does not exceed the prevailing rate for similar freight contracts or the rate paid to the supplier for similar services by other customers similarly situated; that address commissions have not and will not be paid; that brokerage commissions in excess of 2½ percent of the freight charged have not and will not be paid; and that the names of all parties participating in the brokerage commission are shown on the charter party.

(13) The supplier has filled in the applicable portions of the invoice-and-contract abstract on the reverse hereof, certifies to the correctness of the information shown therein, and will furnish promptly to the CSS Office, upon request, such additional information in such form as the CSS Office may require concerning price or any other details of the contract.

(Date)

(Name of Supplier)

(Authorized signature)

(Title)

NOTE: Any amendments, deletions of applicable provisions, or substitutions will invalidate this certificate.

Before executing the supplier's certificate, the supplier shall fill in the invoice-and-contract abstract on the reverse side in accordance with the instructions printed on the form. The information required by the abstract is generally as follows:

(1) Invoice information, including the supplier's name and address, the importer's name and address, and detailed billing and shipping data.

(2) Information relating to agents' com-

missions paid or to be paid. This information with respect to agents' commissions need not be filled in on any copies of CCC Form 329 to be furnished by the supplier to the importer.

(3) Contract and price information expressed in dollars including a reconciliation of the contract and invoice prices applicable.

6. Paragraph (m) of § 11.10 *Responsibilities of banking institutions in connection with letters of commitment issued to them* is amended to read as follows:

(m) Section 11.13 contains provisions concerning use of the purchase authorization number, placement of orders, and delivery dates. Banking institutions financing transactions under letters of commitment are not required to assume responsibility for compliance with this section, but shall not finance the transactions unless the documentation bears the appropriate purchase authorization number and the shipping documents evidence delivery within the delivery period specified in the purchase authorization.

(Sec. 102, 68 Stat. 455; 7 U. S. C. 1702. E. O. 10560, 19 F. R. 5927, 3 CFR, 1954 Supp.)

Effective date. These amendments shall become effective upon publication in the *FEDERAL REGISTER* as to purchase authorizations originally issued on and after the date of such publication. Purchase authorizations originally issued prior to such date of publication shall continue to be subject to the provisions of this subpart applicable thereto prior to these amendments unless these amendments are made applicable to such purchase authorizations by amendment or modification of such purchase authorizations.

Done at Washington, D. C., this 12th day of February 1957. Witness my hand and the seal of the Department of Agriculture.

[SEAL]

TRUE D. MORSE,
Acting Secretary.

[F. R. Doc. 57-1177; Filed, Feb. 14, 1957;
8:49 a. m.]

UNITED STATES DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service
Washington 25, D. C.

February 15, 1957

Miscellaneous Amendments Under Title I, Public Law 480 Regulations

The U. S. Department of Agriculture today announced amendments to the Regulations Governing the Financing of Commercial Sales of Surplus Agricultural Commodities for Foreign Currencies under Title I of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, 83rd Congress), as amended.

The regulations set out the steps to be taken by foreign governments, foreign importers, United States exporters, and U. S. banking institutions desiring to participate in the program.

Title I of Public Law 480 authorizes the Commodity Credit Corporation to incur costs totaling \$3 billion, including the Corporation's investment in commodities moved out of its own stocks, in financing the sale of surplus agricultural commodities for foreign currencies.

The amendments to the regulations appear in volume 22, page 943, of the Federal Register, February 15, 1957. The original regulations were announced on November 19, 1954, and were superseded by revised regulations announced on March 6, 1956.

The amendments provide for the following new provisions:

- (1) It eliminates, under the letter of commitment method of financing, the prohibition against an importer earning dispatch in excess of demurrage at point of discharge;
- (2) It prescribes a time limit on submission of documents to CCC under the direct reimbursement method of financing;
- (3) It increases the period of time for presentation of bank drafts on Commodity Credit Corporation;
- (4) It provides for the submission of CCC Form 329-3 "Statement of Transmittal of Ocean Bills of Lading";
- (5) CCC Form 329 "Supplier's Certificate" provides that information with respect to agents' commissions need not be furnished by the supplier to the importer; and
- (6) It clarifies the extent of the banking institution's responsibilities relative to shipping documents evidencing delivery within the delivery period specified in the purchase authorization.

Purchase authorizations originally issued prior to February 15, 1957, shall continue to be subject to the revised regulations announced March 6, 1956, unless these amendments are made applicable to such purchase authorizations by amendment or modification.

Copies of the new Form 329-3 and Revised Form CCC 329 and other forms required under the program may be obtained from the Fiscal Division, CSS, USDA, Washington 25, D. C. Banking institutions to which CCC has issued letters of commitment have a supply of Revised CCC Form 329, "Supplier's Certificate", and CCC Form 329-3, "Statement of Transmittal of Ocean Bills of Lading".





